PH Financing Committee Meeting Notes
May 30, 2002

Present: Elaine Croteau, Maggie Moran, Steve Russman, Carol Villers, Vicki Kirkpatrick, Rick Mockler, Larry Jecha, Jean Baldwin, Lois Speelman, Tim McDonald, Joan Brewster, Marty Wine, Ursula Roosen-Runge, David Arterburn

Introductory Remarks

Joan Brewster and Tim McDonald discussed the WSALPHO Board and DOH retreat, and the outcomes of the retreat that were relevant to the work of the Financing Committee.

The retreat focused on the common issue of financing, the need for stable funding dedicated to public health, and the tradeoffs among population centers and statewide issues. This is a change from two years ago when the group was focused on revenues. Generally, retreat conversations focused on new structures for public health; whether the county-based health department structure was an anachronism, whether there was a regional structure beyond the county structure that would achieve better outcomes for the system.

Common themes included the fiscal crisis of the sponsors, which demands that the public health structure be more efficient. There was a concept discussed: "revenue, reduce, and revise." The task that emerged for the Finance Committee form the retreat is to expand our cost analysis in a way that some regional "quantum," perhaps of 60,000 population, could be envisioned. (Some communities would look different, but could match up with current bioterrorism regions.) Although there are local partnership successes that are worth replicating, the retreat focused on regionalism and partnership, and that some partnerships have not been partnerships of equals.

For the purposes of the finance committee, this concept of regionalism would mean communicating about the value of public health and developing an understanding among legislators and county commissioners about the value of the public health system, before system funding questions are addressed. The group addressed strategy, tactics and the order of these messages – what does public health do, how it must be raised in conjunction with the work of the PHIP communications committee.

There is more of a focus on public health now (due to the economy and bioterrorism) which represents timing and opportunity to present these issues to policymakers. Governance issues should not stand in the way of services that need to be provided. The concept of regions means something different from before – services should not be duplicated in regions to create a more expensive layer, but we need to be strategic about services provided regionally and services provided locally. The working hypothesis is that there must be an "optimum size" for a health department which can be determined using data and models.

Agenda and Workplan

May 30 meeting was divided into two parts. The morning focused on building and testing assumptions for the cost of services model, and the afternoon focused on discussion of funding allocations and the proposal to restructure advisory committees that was advanced during the March meeting of the Committee.

Cost Model

Decisions for this work item were divided into two types:

1) Reach agreement about how the cost calculation in the model works (Marty provided an example for discussion); and
2) Gather feedback and develop consensus about the appropriate cost drivers for the model (the group walked around the room and reviewed current drivers, offered suggestions and revisions).

1) The Committee reached agreement about cost calculations in the cost model. Marty presented an example of how the math in the model works for a single LHJ and public health activity. The Committee generally agreed that this approach was acceptable with several revisions, noted below.

Lewis County: Population 69,500

Chronic Disease and Behavioral Changes Education and Outreach
Draft cost measure: 1 professional FTE per 50,000 population

Step 1: Calculate direct costs (labor) to perform this activity:				Model Assumption: Cost of labor	FTE x cost of labor	**Step 2:** Add benefits (x 20%)	**Step 3:** Add non-labor costs (labor costs x 20%)	
Direct FTEs:	69,500/50,000 =	1.4	Professional FTE	$ 45,000	$ 62,550	$12,510	$ 15,012	
Clerical FTEs:	1.4 x 0.2 =	0.3	Clerical FTE	$ 24,000	$ 6,672	$ 1,334	$ 1,601	
Supervision FTEs:	(1.4+0.3) x .125 =	0.2	Supervision FTE	$ 55,000	$ 11,468	$ 2,294	$ 2,752	
					$ 80,690	+ $16,138	+ $ 19,365	= **$116,193**

For Lewis County to provide chronic disease and behavioral changes education and outreach

- Then, this approach is duplicated for every activity, high-level standard category, and added together at the LHJ and state DOH level, and the local plus state amounts are added, totaling the cost to deliver governmental public health in Washington.
- Currently, the model uses existing costs for state activities (we have current budgets and FTEs). A different set of numbers needs to be developed based on cost drivers.

Comments about this approach included the wish to revise clerical and supervisory assumptions, cost of labor, benefit ratios (part of the next discussion), and the need to

ensure that administrative support was calculated at the program level for direct services and at the "higher" organizational level (i.e. above the direct services level).

2) Review and refine cost drivers for the model

Major comments about the model included:

- Summarize EH activities and measures into a more manageable list of activities.
- Need to account for Health Officer, Board of Health. Every health department has health officer overhead.
- Add an FTE calculation into the leadership, planning, governance and administration calculations
- Average salary should be increased to reflect what it costs for PH departments to hire nowadays – it is more than just a salary. Marty will use Employment Security average wages.
- Staffing assumptions are biggest area of change – benefits and non-labor costs seem low.
- Must clarify and review administrative activities in the category of "Leadership, Planning…" category – be sure that janitorial services and IS are properly captured. Model should reflect what a good information technology program.

Individual comments about each measure are included in a companion table based on input from the Committee. Marty will update the model according to the Committee's guidance, continue research between now and June 28 meeting to establish a baseline for the model, and bring back model output and draft recommendations for the June meeting.

Still to be addressed in the model – what makes it scalable?

Others who should review the model and its assumptions include:

- Environmental Health Directors Forum
- PH Nurses Leadership Group
- Larger counties: Check out health officer and BOH measures

Allocation Formulas

Lois and Steve distributed seven colored packets:

- Updated – Department of Health Funds Distribution Methodologies to its Local Partners – LHJs (white)
- Standards and Funding Allocation Methods – LHJs (blue)
- Distribution of Grants to Standards – LHJs (green)
- Standards and Funding Allocation Methods – Other Local Partners (light yellow)
- Distribution of Grants to Standards – Other Local Partners (purple)
- DOH Funds Distribution Methodologies to Local Partners – Other (dark yellow)

Question to the Committee was whether "others" should be included – should revised allocation formulas address the whole universe of grant funding that DOH receives, or just the portion that is sent to LHJs. The Committee's wish was that three groups should be included, potentially meaning a new role for reconfigured advisory committees:

- The portion of the grant received that is kept at DOH (future questions to look at – is the state keeping more than it should; is what LHJs get not being allocated fairly and equitably?);
- The portion of the grant received and awarded to LHJs; and
- The portion of the grant received and awarded to community partners.

There are 27 advisory committees that could potentially become 6 committees that would consider multiple sources of funding. For example, one group could potentially oversee all activities related to distributing funding for communicable disease; the role of the advisory committees would be to make recommendations about ways to allocate funding. There might still be ad hoc and in-depth work to be done on program issues, but these committees' analysis would be predictable and in keeping with well-communicated, regularly updated/other principles of disclosure outlined in the principles.

Would LCDF funding be held out separately since it crosses multiple categories? The Committee decided LCDF should be handled separately. May want to hold HIV funds harmless from this restructuring as well. Some members believe that LHJs have more than just a provider role (in contrast to community providers) – they have an assurance role.

The Committee discussed who is on the committees and what is the charge? Will the concept work to restructure existing Committees so that newly structured committees could give advice about allocations? Suggestion was to provide the 6 committees with the financing principles and focus them on the subject area in a way that operationalizes the principles. It would be useful to have the committees look at the whole system.

The group considered the capacity of WSALPHO and members to consistently staff these committees with people who understand the finance role. It is a challenge to commit time to the committees. Would existing committees go away? Suggestions: the first constitution of the Committees should include someone from the Financing Committee (to stay true to the financing principles that were developed in 2000). The committees might look at blending funding and consolidating programs.

The Committee debated whether better to have committees grouped around the 5 standard categories or to for one whole committee? Most felt that having 5 committees with an annual meeting of all 5 standards together would be workable. Considered

possible resistance to changing the structure of committees - sometimes a grant requires that a committee look at services a certain way or have a certain composition of the review committee; some are passionate advocates for their programs.

Basic principles and the charge of the Committee would be that the funding mechanism be transparent, easy to see and understand. If this institutionalizes the world view about the 5 standards and how they fit together, that is the right direction.

Additional discussion: State has less control over these funds than the Financing Committee may think; this would be a huge transition for the state, plus would reduce the draw on WSALPHO's time and resources. Advisory Committees are not currently looking at allocation formulas and there would be an opportunity to eliminate those that don't meet often. Joan committed to reviewing whether the current groups meet, how often, who is on them, and where does their work go. Committee generally felt that it is important to push for important things – if decisions are made politically they still need to be transparent and explainable.

The product of the Finance Committee's work for this cycle is a recommendation that Lois will prepare for the June 28 meeting to review. The recommendation will include DOH's commitment to pilot a restructured funding advisory committee in one area of the standards as follows:

1. Organize advisory committees according to the major headings of the public health standards
2. Group funding sources within those categories (according to standards)
3. Develop one committee per standard to review funding allocations; a separate one for LCDF. (Existing one for HIV funds remains?)
4. Consider all parts of system in restructured system, including locals, DOH, and community providers.

Preface: Finance Committee has spent 4 years working to understanding allocation methodologies. New, updated, combined committees organized around the 5 areas of the standards should work out the details of allocation and develop a workplan around those details using the 2000 principles as guidance for how they will do their work.

2 tasks before June:

1. The WSALPHO meeting on June 17 should include a review of the table by Lois and Steve. The table is intended to tell us what is there now. Lois will send the table to all members, and all committee members should review this table and edits sent to Lois by June 19. These tables need to be accurate as a starting point.
2. Focus on fleshing out recommendations for June 28 (Lois will draft). Develop a full set of principles for the Committee's work, draft a mission and charge for a

revised committee within one standard area, with staging and timelines to phase it in, including a transition plan. The draft should include the idea that this will be done differently, could eventually allow for more flexibility of funds, and DOH and LHJs might track and advocate for funds differently as a result of this restructuring.

Next meeting: Friday, June 28, 9 a.m. to 3 p.m., Wyndham Gardens (to be confirmed)
Tentative agenda:

- Review output from cost model and develop recommendations
- Review committee recommendations about pilot project for revised allocation formulas
- Discuss recommendations to be included in draft PHIP report